

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Watson Post Office
Watson, Alabama

Docket No. A2011-56

REPLY COMMENTS OF THE PUBLIC REPRESENTATIVE

(November 8, 2011)

I. INTRODUCTION AND BACKGROUND

On August 26, 2011, the Postal Regulatory Commission (Commission) received a petition to review the Postal Service's Final Determination (FD) to close the Watson, Alabama post office.¹ By Order issued August 30, 2011, the Commission accepted the appeal and docketed the petition, instituted the current review proceedings, appointed a Public Representative, and established a procedural schedule.²

On September 12, 2011, the Postal Service filed an electronic version of the Administrative Record (AR) concerning its "Final Determination to Close the Watson, AL Post Office and Continue to Provide Service at the Community Post Office" dated July 11, 2011.³ On September 28, 2011, the Petitioner filed a Participant Statement on PRC Form 61. The Postal Service filed comments supporting the Final Determination to

¹ The Petition consists of a letter in support together with 18 letters opposed to the post office closing, a copy of the Postal Service contract award for a community post office in Brookside, Alabama, and a copy of a petition with eleven pages of signatures by customers opposed to closing the Watson post office.

² Notice and Order Accepting Appeal and Establishing Procedural Schedule, August 25, 2011 (Order No. 825).

³ United States Postal Service Notice of Filing, August 30, 2011. Postal Service Docket Number 35181.

close the Watson post office on October 20, 2011.⁴ Reply briefs and comments were due November 4, 2011.⁵

II. STATEMENT OF FACTS

The Watson post office, Watson, Alabama 35181 is located in Jefferson County, Alabama, in the Birmingham metropolitan area. AR FD Item No. 39 at 8; Item No. 17 at 1. It is an EAS Level-11 post office providing service to 120 Post Office Box customers and 184 general delivery customers. AR FD Item No. 39 at 5.⁶ There are no permit mailers or postage meter customers. *Id.* There are no delivery routes from the Watson post office. AR Item No. 16 at 4.

Watson's postmaster retired December 31, 2008. An Officer-in-Charge (OIC) is operating the office and upon closing will return to an assigned Postal Service position. AR FD Item No. 39 at 5. No other employees will be affected. AR Item No. 14 at 1. Watson is not incorporated. AR FD Item No. 39 at 8. It is comprised of retirees, self-employed and commuters. AR FD Item No. 15. There are 11 businesses listed as located in the service area. AR FD Item No. 39 at 4. The Community Survey Sheet listed population growth as "not sure," and lists population, commercial or business growth as N/A. AR Item No. 15, questions 2 and 3.

Window service at the Watson post office is provided Monday through Friday from 7:00 a.m. to 11:30 a.m. and 1:00 p.m. to 4:00 p.m. and on Saturdays from 7:45 a.m. to 9:30 a.m. The lobby is open 24 hours Monday through Saturday. AR FD Item No. 39 at 5. Retail window revenue averaged 20 transactions for 20 minutes of average retail workload daily as evidenced by a sample two week period from May 30, 2009 to June 12, 2009. AR Item No. 8 at 1. Office receipts were \$24,395.80 in FY 2006; \$24,216.18 in FY 2007; and \$26,768.38 FY 2008. AR FD Item No. 39 at 9, AR Item No.

⁴ United States Postal Service Comments Regarding Appeal, October 12, 2011 (Comments).

⁵ A separate motion for late acceptance is being submitted with these Reply Comments.

⁶ There are 120 boxes and 106 are used. AR Item Nos. 12 and 14 at 2.

35 at 2. The facility is not accessible to persons with disabilities. AR Item No. 14 at 1. The annual cost of leasing the building is \$3,000.00. AR Item No. 18 at 1. The lease expires May 31, 2013. There is no record of a lease cancellation clause. Item No. 18.

The Watson post office earned 49 WSCs. (Workload Service Credits). AR Item No. 6 at 1. According to the Postal Service, the estimated annual savings associated with the closing is \$42,151. Postal Service Comments at 10 n. 13.⁷

Upon closing the Watson post office, Post Office Box delivery and retail service will be provided by the Brookside/Watson CPO (Brookside CPO) located at the Brookside Town Hall, 2.57 miles away. AR Proposal Item No. 32 at 2; Item No. 20 at 1. Like Watson, there will be no permit mail acceptance available at the Brookside CPO. AR FD Item No. 39 at 10. The Brookside CPO window service hours will be at least as much as at the Watson post office. *Id.* at 5. The Brookside CPO lobby may provide extended lobby hours. *Id.* at 6. There are 355 Post Office Boxes available at the Brookside CPO and there is room for expansion. AR Item No. 35 at 2. The Post Office Box fees at the Brookside CPO are not different from the fees at the Watson post office. AR Item No. 14 at 2, question 14.

Customers continuing to use Post Office Box service will not change their address. Rural route carrier service will be available from the Gardendale post office located 7.4 miles away. AR FD Item No. 39 at 5. Customers selecting rural delivery service will receive a new carrier route address using the community name but a new ZIP Code. *Id.* at 7.

A total of 304 questionnaires and a cover letter were distributed to customers on April 15, 2009. AR Item No. 20; AR FD Item No. 39 at 1. Forty-four (44) questionnaires were returned; 36 were unfavorable and 4 were favorable. Five did not express an opinion. AR FD Item No. 39 at 5. A community meeting was held on April 29, 2009. Forty-eight (48) customers attended the meeting. *Id.* at 5. Also, on April 29, 2009 a

⁷ The Postal Service Comments correctly state the \$39,151 estimate of savings in the Final Determination is incorrect due to an arithmetical error. AR FD Item No. 39 at 9.

petition was submitted to the Postal Service with 175 signatures of persons opposed to closing the Watson post office. *Id.*, AR Item No. 25 at 1-7.,

On July 18, 2009, the Proposal to close the Watson post office was posted and removed September 18, 2009. AR Item No. 32 at 1. A revised Proposal was posted at the Watson post office on November 24, 2009 and removed January 30, 2010. AR Item No. 35 at 1.

The Final Determination signed by the Vice President of Delivery and Post Office Operations was posted at the Watson post office on July 25, 2011. There is no circular date stamp or any other removal date on the Final Determination. AR Item No. 41 at 1. There is no indication of posting either of the Proposals or the Final Determination at the Brookside CPO or the Gardendale post office.

The Final Determination concludes the proposal will not adversely affect the community. AR FR Item No. 39 at 8.

Four disadvantages are listed in the Final Determination : (1) the loss of an independent retail outlet and postmaster position, (2) the new location may be further for some customers but closer for others, (3) the CPO does not provide permit mail acceptance but Gardendale post office 7.4 miles away offers that service, and (4) in the unlikely and unplanned event the CPO must be closed, in the Postal Service's view customers would have no right of appeal. *Id.* at 8. This last disadvantage would have significant impact on the community. Service would be then be located 7.4 miles away at the Gardendale post office which Petitioner claims is already overcrowded with long waiting lines for window service.

III. POSITIONS OF THE PARTIES

A. The Petitioner

Petitioner's views were expressed in her letter accepted for filing at the Commission on August 29, 2011 and in her Participant Statement filed on PRC Form 61. As to the effect of the closing on the community, Petitioner states the Watson post

office has provided effective and efficient services for decades and that at the community meeting no one was in favor of the closing. She claims the Postal Service documentation is incorrect because Watson is expected to grow by 9 percent and because the Postal Service has not considered the changes in traffic from the extension of an interstate highway. She says the services are publicized to be better but they are worse: the Brookside CPO does not accept debit/credit cards, parking is no better,⁸ and the alternative at Gardendale post office has long lines. She claims the Postal Service had already signed a contract for the Brookside CPO to accommodate the Watson customers before announcing its proposed plan to close Watson and before obtaining public input on the closing. Finally, she says the economic savings calculations fail to consider the increased costs at the CPO necessary to service Watson customers.

B. The Postal Service

The Postal Service sees Petitioner's objection as raising three issues: (1) the impact on postal services, (2) the Watson community; and (3) the economic savings. The Postal Service claims it gave serious consideration to these issues. Postal Service Comments at 1.

The Postal Service argues that it has (1) followed the proper procedures; (2), considered the effect of the closing on the Watson community, the economic savings of the closing, the effect on postal employees and other factors consistent with the mandate of 39 U.S.C. § 404(d)(2)(A); and (3) determined the advantages outweigh the disadvantages and that effective and regular service will continue to be provided Watson post office customers. The Comments conclude the Postal Service's decision should be affirmed. Comments at 12.

⁸ One letter claims there are three designated parking spaces at Brookside and at least three undesignated parking spaces at the Watson Post Office. Petitioner Appeal, Attachment, Moore letter, August 22, 2011, Attachment I, #3. Another letter notes the author has seen five or six vehicles at the Watson post office at one time and more space has been offered by the landlords. Petitioner Appeal, Attachment, August 23, 2011 letter of Thomas Nails.

IV. STANDARD OF REVIEW AND APPLICABLE LAW

A. Standard of Review

The PAEA delegates to the Commission the authority to review post office closings pursuant to 39 U.S.C. §404(d)(5). That section requires the Commission to review the Postal Service's determination to close a post office on the basis of the record that was before the Postal Service. The Commission shall set aside any determination, findings, and conclusions found to be – (A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (B) without observance of procedure required by law; or (C) unsupported by substantial evidence on the record.

The Commission may affirm the Postal Service's determination or order the entire matter returned to the Postal Service for further consideration, but it may not modify the Postal Service's determination.

B. The Law Governing Postal Service Determinations

Prior to making a determination to close or consolidate a post office, 39 U.S.C. §404(d)(1) requires that the Postal Service shall provide adequate notice of its intention at least 60 days prior to the proposed date of such action to persons served by such post office to insure they have an opportunity to present their views. The Postal Service's rules require posting of the Final Determination for at least 30 days. 39 CFR 241.3(g)(1)(ii).

In addition, prior to making a final determination to close or consolidate a post office, the Postal Service is required by 39 U.S.C. §404(d)(2) to consider: (i) the effect of

the closing on the community served; (ii) the effect on the employees of the Postal Service employed at the office; (iii) whether the closing is consistent with the Postal Service's provision of "a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;" (iv) the economic savings to the Postal Service due to the closing; and (v) such other factors as the Postal Service determines are necessary. See 39 U.S.C. §404(d)(2)(A). The Postal Service is also precluded from considering compliance with provisions of the Occupational Safety and Health Act of 1970, 29 U.S.C. 651, *et seq.* See 39 U.S.C. §404(d)(2)(B).

The Postal Service's final determination must be in writing, address the aforementioned considerations, and be made available to persons served by the post office. 39 U.S.C. §404(d)(3). The Postal Service is prohibited from taking any action to close a post office until 60 days after its final determination is made available to persons served by such post office. 39 U.S.C. §404(d)(4).

The Postal Service also has regulations prescribing its requirements for closing post offices. 39 CFR 241.3.

V. ADEQUACY OF THE POSTAL SERVICE'S FINAL DETERMINATION

After careful review of the Postal Service's Final Determination, the materials in the Administrative Record, the contentions presented in the Petitioner, and the Postal Service Comments, the Public Representative believes that the Postal Service's posting procedures have not complied with its own rules. Further, because no notice was provided to obtain input from the affected offices at Gardendale or Brookside CPO, given the claims about window service delays at Gardendale and the outdated nature of the initial post office surveys now over two years old, remand for an opportunity to provide notice and input from the customers of those offices is desirable.

The Postal Service's Final Determination also fails to meet the standards of section 404(d). The analyses of the essential facts surrounding the Watson community's potential growth and the effect on the community are flawed. The data

underlying that analysis is now over two years old and has not fully taken into account the current effects of the closing on the community served where a new interstate highway extension has been under construction since the analysis. Also, the economic savings are overstated.⁹ These flaws rise to the level of a failure to consider sufficiently the factors required by section 404(d) and the Final Determination should be remanded.

A. Required Notices of Proposals and Final Determination were not Provided

The Postal Service has not complied with law as set forth in its own rules regarding the procedural requirements for posting Proposals and Final Determinations. The Postal Service's rules require posting of Proposals at "each affected post office." 39 CFR 241.3(d)(1). See *a/so* Item No. 20 at 2. Posting of the Proposal and revised Proposal occurred only at the Watson post office. AR Item Nos. 32 at 1, 35 at 1. The Gardendale post office is clearly affected as it will be the administrative office for the Watson delivery area and rural deliveries will emanate from that post office. It is also a full service post office and will receive some business from the customers now using the Watson post office.

The question of compliance regarding posting the Proposals turns on whether the Gardendale post office will be affected by the closing. Under the Postal Service's procedural rules in effect for this proceeding, the Proposal is to be posted "in each affected post office." 39 CFR 241.3(d)(1). This rule has recently been modified and its application clarified although, strictly speaking, the new rules are not applicable to this closing process. Under the newly modified rules, there is no question that the

⁹ The Postal Service has adequately considered a third requirement--the effect on Postal Service employees. Section 404(d)(2)(A)(ii). The fourth required statutory consideration in section 404(d)(2)(A)(iii) is whether the closing is consistent with the Postal Service's provision of "a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining." It appears that effective and regular service will be maintained after the closing of the Watson post office and that requirement is therefore met. See Postal Service Comments at 8.

Gardendale post office is affected. Under the new Postal Service rules, the Proposal must be posted prominently at any retail facility “likely to serve a significant number of customers of the USPS-operated retail facility under study.” 39 CFR 241.3(d)(1)(iii).¹⁰ The delivery service out of Gardendale will service a significant number of Watson customers. The record therefore does not affirmatively demonstrate the posting requirement was met at the Gardendale post office and the case should be remanded on this point alone.¹¹

It should also be noted the Final Determination does not indicate the date the July 25, 2011 posting was removed. AR Item No. 41 at 1. Again, the Postal Service has failed to comply with its own rules for Final Determinations that require posting for 30 days. 39 CFR 241.3(g)(1)(ii); AR Item No. 40; Item No. 20 at 1.

B. The Decision Does Not Meet All Requirements of 39 U.S.C. §404(d)

Effect on the Community. The Postal Service must take into account the effects on the community. 39 U.S.C. 404(d)(2)(A)(i). That consideration may be arbitrary and capricious if it fails to consider an important aspect of the problem, explains the decision in a way that is counter to the evidence, or so implausible or unreasonable that it cannot be ascribed to a difference in views. The Postal Service may not merely recite different community effects if they are not accurate or that do not reasonably account for countervailing impacts. Unless the analysis is rational and reasonable, any conclusions drawn from that analysis are flawed.

The advantages of closing the Watson post office are listed in the Final Determination. AR FD Item No. 39 at 8. Three advantages cited by the Postal Service relate to service at the Brookside CPO, but the advantages are either minimal or of no

¹⁰ See 76 Fed. Reg. 41423, July 14, 2011.

¹¹ There is no evidence of any postings at the Brookside CPO. The record does not demonstrate whether that CPO, contracted for on April 28, 2009, was in operation when the Proposals were posted in July 2009 and November 2009.

advantage over the service being provided by the Watson post office. One listed advantage is that the Brookside CPO will provide the same service as an independent post office (except for permit mail acceptance). The Watson post office offers at least this level of service. This is not an advantage. The second and third claimed advantages are that the Brookside CPO could adjust hours to meet changing needs of the community and will provide expanded service hours. These are not an advantage over the Watson post office. Customers at the Watson post office appear to be satisfied with the hours and adjustments do not appear to be needed or necessary.

The ability of customers to use the same mailing address and ZIP Code without change in customer's addresses is also not an advantage of closing the Watson post office, but only the absence of a disadvantage. AR FD Item No. 39 at 8.

The opportunity for a local person to contract for the CPO service is not an advantage of closing the Watson post office. *Id.* A local person had already contracted for the Brookside CPO. The Postal Service's Comments argue that the Brookside CPO was established to replace the old Brookside post office damaged by flood and that it was not intended to replace the Watson post office. Postal Service Comments at 11.¹² If so, the opportunity for a local person exists even if the Watson post office is not closed.

On the other hand, if the Brookside CPO was intended to replace Watson, then the decision to close Watson was made before notice of the Watson community meeting where community input was to be gathered since the record establishes the Brookside CPO contract was entered into the day before the community meeting on April 29, 2009. AR FD Item No. 39 at 5, Petitioner Appeal, Attachment, Solicitation/Offer/Award for Firm-Fixed Contract Postal Unit (CPU), dated April 28, 2009. Despite this fact, the Postal Service claimed at the community meeting that the decision to close the Watson post office had not yet been reached. See Petitioner Appeal, Attachment, letter of Ann Parsons.

¹² The Postal Service states, "In addition, the CPO is already operational and thus the costs of operating this facility are not caused by the discontinuance of the Watson Post Office."

The Proposal and the Revised Proposal were posted July 16, 2009 and November 24, 2009, respectively. They each attempted to demonstrate savings by eliminating both the Watson and old Brookside post office and replacing them with a Contract Postal Unit at a contract cost of \$60,000. Combined, the savings is shown at only \$25,502.00,¹³ considerably less than the \$42,151 claimed by closing the Watson post office alone. AR Item Nos. 34 at 4-5, 35 at 5. This calculation was eliminated from the Final Determination, but it suggests that the savings from combining the two post offices is not as great as the Final Determination indicates would be the savings by closing the Watson post office. When the savings of closing the Brookside and Watson offices were viewed together, the estimated savings were significantly reduced. The savings would be reduced further if the salary and benefits are accurately accounted for as well as other costs and revenues lost, as discussed below.

The only other advantage of closing the Watson post office cited by the Postal Service is the contribution to long run stable postage rates and savings for customers. This advantage is questionable given the incomplete economic analysis, discussed below. These advantages are so minimal as to lend no support for the decision to close the Watson post office.

The statute recognizes the substantial role in community affairs often played by local post offices. This role must be considered by the Postal Service. Where the advantages of closing a post office are at an absolute minimum, that role of the community is all the more important and should be weighed in the mix to avoid an arbitrary and capricious result. In this case, the role was not reasonably considered. The data is stale, over two years old. Petitioner and other commenters in letters attached to the appeal indicate that an interstate highway is being completed that will add traffic and “housing developments are springing up all around.” Petitioner Appeal, Attachment, Letter of Luther Myers, August 22, 2011. The Petitioner and others present significant facts about growth in the area and a need for the Watson post office to

¹³ The mathematical error in the Total Annual Savings in the Final Determination is not in the Proposals.

service the community, especially where only a CPO is the nearest reasonable alternative for service. The role of the community in light of these uncontested factual allegations about the changes in the community is not considered by the Postal Service. Because the Postal Service's conclusions regarding growth are based on two or three year old data and do not plausibly follow from the information available to the Postal Service, the determination may be fairly characterized as arbitrary and capricious. Thus, the Postal Service's considerations intended to be responsive to the community's postal needs and the effects of the closing on the community do not reasonably rise to the level needed to comply with the law. The Final Determination is therefore flawed and must be remanded as contrary to law.

Economic Savings: The requirement to consider the effect on employees also impacts another requirement of section 404(d). That is the requirement to consider "the economic savings to the Postal Service resulting from such closing." The Postal Service's estimate of savings in this case is heavily impacted by the estimated savings in "Postmaster Salary (EAS 11, no COLA) of \$31,724 and fringe benefits of 33.5 percent, or \$10,627. The Postmaster at Watson retired in 2008 and has not been replaced. An OIC operates the Watson post office together with a PMR.

The Postal Service's documentation does not attempt to estimate the actual savings using the salary and benefits received by the OIC. Also, the Postal Service does not justify the reason for not relying upon other costs. For instance, the Brookside CPO may need to receive additional compensation for the costs of serving the Watson post office customers even though it is operated under a contract of \$60,000. Petitioner Appeal, Attachment, Solicitation/Offer/Award for Firm-Fixed Contract Postal Unit (CPU). Additional window service transactions will certainly occur at Gardendale. For instance, mail that cannot be delivered for any reason on the delivery route must be picked up at Gardendale. The window service costs related to picking up that mail are not included in the economic analysis.

Neither is there any indication of the potential positions that may be filled by the employee at other postal facilities that might negate anticipated savings of salary and

benefits. Not only is the retired Postmaster's salary an inaccurate measure of actual savings, if the OIC is absorbed into current operations without filling a vacant position, there may be no salary savings and the so-called estimated savings must be eliminated from the calculation of economic savings. The same applies to the PMR salary. An adjustment to conform the estimate to actual savings is required by the recent Commission Order on this subject.¹⁴

The economic savings analysis also suffers from other deficiencies. For instance, there is no discussion of the amount of Post Office Box rental revenue that will be lost. The record is silent about the amount of revenue at the Watson post office, if any, from the rental of Post Office Boxes. If a box holder paying rent will now receive free rural carrier delivery service, it is reasonable to assume the lost rental income will offset estimated savings from closing the Watson post office. See AR Item No. 14 at 2, question 10.

The economic analysis also fails to include the cost to decommission the 120 Post Office Boxes and other Postal Service assets at the Watson post office that will be necessary.

The Commission recently admonished the Postal Service that additional factors need to be considered in the economic savings measurements. It stated,

One important omission from current analysis is the recognition of potentially offsetting costs. The costs of relocating or disposing of mail processing equipment are not considered. Collection box relocation costs are not considered. The costs of processing the resulting change-of-address forms and of forwarding mail are not considered. The costs of relocating Post Office Boxes may or may not be considered. (Citations omitted.)¹⁵

The Commission continued:

¹⁴ Docket No. A2011-19, Lafayette Station Freehold, New Jersey, October 20, 2011 (Order No. 912) at 12-13.

¹⁵ Docket No. N2009-1, Advisory Opinion Concerning the Process for Evaluating Closing Stations and Branches, March 10, 2010 at 60.

Rationalizing the Postal Service retail footprint is an ongoing program, and responsible Postal Service officials need accurate financial information to make informed decisions. The Commission finds that the Postal Service should develop a more complete model of factors that impact costs and revenues when a retail facility is discontinued, and make it available to local officials responsible for evaluating the potential benefit of closing or consolidating facilities. *Id.*

The Final Determination estimates the total economic savings from closing the Watson post office. AR FD Item No. 39 at 10. The total annual costs saved are estimated to include salary of \$31,724, benefits of \$10,627 and rent of \$3,300. The estimated salary and benefits have not been demonstrated and must be removed, leaving a savings in rent of \$3,300. Against this small savings, the cost of replacement service is estimated at \$3,500 for an estimated *negative* savings of \$200. In addition, if there is rental lost from Post Office Boxes at Watson, that too should be considered and the loss would significantly increase the negative savings.

The record does not indicate the Post Office Box fee structure being paid by Watson Post Office Box customers. However, even if all 116 boxes are paying the *lowest* Post Office Box rate for a Fee group 7, size 1, box of \$14 every six months, revenue would be reduced by \$28 annually x 116 boxes or \$3,248 annually.¹⁶ If the revenue is lost from all 116 Post Office Box customers paying for a moderate size 3 Post Office Box at \$30 every six months, the lost revenue for the Postal Service would amount to \$60 annually x 116 boxes or \$6,960 annually, significantly reducing the estimated savings in salary.

Also, the photographs in the record of the Watson post office indicate an up-to-date facility with assets including Post Office Boxes that must certainly be removed. AR Item No. 4. The one-time expense of moving equipment which is similar to one-time building modification costs has not been factored into the savings. The Commission

¹⁶ The Post Office Box rates are drawn from the Postal Service's current market-dominant price adjustment filing to increase rates. Docket No. R2012-3, Notice Market-Dominant Price Adjustment, Attachment A at 121.

recently pointedly ruled that one-time building modification costs should be factored into the economic analysis.¹⁷

If the cost estimations including the actual salaries saved are reasonably taken into account and considered accurately, the economic savings may be negative. Without more information, the actual savings and even potential net costs are unknown. The failure to reasonably consider the economic savings is contrary to the provisions of section 404.

In addition, the economic analysis does not mention the recent highway extension. The most recent revenue figures from the Watson post office are for FY 2008, three years old. Remand of the decision to obtain updated revenue and other data beyond FY 2008 are likely to indicate an increase in revenues over the FY 2008 revenues of \$26,768 and much higher than the minimum cut-off revenue amount of \$27,500 used by the Postal Service to review potential post office closings¹⁸. If so, removing the Watson post office from the list of potential closings may be warranted on that basis alone.

VI. CONCLUSION

The deficiencies in the posting of the Proposals and the Final Determination at the affected post offices are contrary to the Postal Service's own rules. In addition, the defective analysis of the impact of the closing warrants remand of the Final Determination. A more comprehensive updated evaluation is necessary of the impact to better account in a reasonable manner for any change in the economic outlook for

¹⁷ Docket No. A2011-19, Order No. 912, *supra* at 12-13.

¹⁸ Docket No. No. 20011-1, Nature of Retail Access Optimization Initiative, "Request of the United States Postal Service for an Advisory Opinion on changes in the Nature of Postal Services," July 27, 2011 at 5. ("For purposes of the RAO Initiative, the following categories of postal retail facilities have been identified for discontinuance review: 2825 Post Offices with low earned workload and no greater than \$27,500 in total annual revenue").

Watson and offsetting losses in revenue and other expenses incurred by the Postal Service to close the Watson post office.

Overall, the rationale advanced to justify closing the Watson post office is outdated as to the role of the community and the effect upon the community. The Postal Service's analysis suggests there will be no growth but that analysis prepared in 2009 apparently did not consider a new interstate highway extension or expected growth in the area. Also, the economic analysis is incomplete. Given the minimal nature of the advantages cited in the Final Determination to justify the decision and the disadvantages cited by customers, remand is needed to adequately consider the overall effect on the community to ensure the result is not arbitrary and capricious. The actual savings cannot be estimated reasonably on the basis of the Administrative Record.

Although each of the statutory issues has theoretically been considered by the Postal Service, the considerations of the effect on the community and the economic savings are not supported by substantiated probative evidence and the Postal Service's conclusions are arbitrary and capricious.

For these reasons, the decision of the Postal Service to close the Watson, Alabama post office should be remanded for compilation of a more accurate record that may or may not justify closure.

Respectfully Submitted,

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